

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



Phone: (803) 737-0800
Fax: (803) 737-0986

DAN F. ARNETT
CHIEF OF STAFF

JOHN W. FLITTER
DIRECTOR
ELECTRIC & GAS REGULATION

December 12, 2011

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application of Progress Energy Carolinas, Incorporated for Approval of Experimental Tariffs Covering its Initial Slate of Demand-Side Management and Energy Efficiency ("DSM and EE") Programs - Proposed Revised Commercial, Industrial and Governmental Energy Efficiency Program CIG EE-4 Experimental Tariff ("CIG EE")
Docket No. 2009-190-E

Dear Ms. Boyd:

The Office of Regulatory Staff ("ORS") has reviewed the filing in the above-referenced docket and has no objection to the Application of Progress Energy Carolinas, Incorporated ("Company") for approval to revise the Commercial, Industrial and Governmental Energy Efficiency Program CIG EE-4 Experimental Tariff.

CIG EE was approved in Order No. 2009-373 dated June 26, 2009 and is available to non-residential customers receiving metered service in conjunction with any of the Company's general service schedules. CIG EE offers customers incentives for a variety of energy conservation measures designed to increase energy efficiency, as well as technical assistance and design incentives for customers consuming 500,000 kWh or more in the previous 12 months or for new construction with 20,000 square feet or more of conditioned space. The objectives of the program as approved in Order No. 2009-373 are to promote the installation of energy efficient measures by non-residential customers. Through this program customers will receive an incentive payment. In most cases, to qualify for the incentive payments the customer will complete and submit a pre-notification application to the Company. When the company verifies that the customer has installed the qualifying energy efficiency equipment or implemented the qualifying energy efficiency measures, the incentive will be granted.

The proposed changes to CIG EE are as follows: (1) the removal of its premium efficiency motor incentive, and (2) clarification regarding the ownership of environmental, energy efficiency and

(Continued...)

December 12, 2011

Page 2 of 2

demand response benefits and attributes. In addition to the tariff changes, the Company also states that it is revising the way incentives are calculated effective December 1, 2011 for prescriptive lighting measures under CIG EE.

The Company states that the removal of the premium efficiency motor incentive is due to changes in federal law resulting from the Energy Independence and Security Act of 2007 (*Pub.L. 110-140*), which now requires the same efficiency standards on new motors manufactured or imported after December 19, 2010 as is currently being incented under CIG EE. ORS has verified that the standards outlined in the Energy Independence and Security Act of 2007 are at least as stringent as those currently being incented under CIG EE as outlined on the Company's website (<http://progress-energy.com/carolinasBusiness>).

The Company's proposal to clarify the ownership of environmental, energy efficiency and demand response benefits and attributes is consistent with the pending proposed revisions to the Residential Home Energy Improvement Experimental tariff.

The revised calculation methodology outlined for prescriptive lighting measures provided under CIG EE, which moves from a per fixture incentive to a per watt incentive, is consistent with stated program objectives as well as with findings contained in the Company's Evaluation Measurement and Verification ("EM&V") report for the 2009 program. This report was previously filed with the Commission on July 25, 2011 in Docket No. 2008-251-E.

Thank you for the opportunity to provide comments in this matter.

Sincerely,



John W. Flitter

JWF/swb

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette S. Edwards, Chief Counsel and Director of Legal Services, SC ORS
Shannon Bowyer Hudson, Esquire, SC ORS
Len S. Anthony, General Counsel – Regulatory Affairs, Progress Energy Carolinas